

JUN 11 1982

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

According to your application you are formed for the primary purpose of owning and operating a "community center". You are the outgrowth of a related organization called the [REDACTED]. [REDACTED] is tax-exempt under section 501(c)(5) of the Code and is covered under group ruling number [REDACTED] for the [REDACTED]. Your officers, directors, and incorporators are also members of [REDACTED] and you state that you were organized with the interests of [REDACTED] and its activities in mind along with other community interests and activities.

You are purchasing a piece of property called [REDACTED], which you state will be used for a community center. [REDACTED] has leased and used this property for its activities for approximately [REDACTED] years and has contributed most of your financial support as of the date of your application. You plan to negotiate leases with the State Highway Department for the use of the building in the daytime and with the local volunteer rescue unit for a portion of the adjacent land on which they will erect a building for their use. Currently, civic groups, school groups, Boy and Girl Scouts, and CPR classes use the building for meetings. Future plans may include a scholarship program and development of outdoor recreation facilities on the property. [REDACTED] will continue to use the facility on a regular basis for its activities.

For the period ending [REDACTED], your support consisted of donations in the amount of \$[REDACTED], \$[REDACTED] of which came from [REDACTED] organization. Expenditures totaled \$[REDACTED], consisting of a \$[REDACTED] down-payment on the property for the community center and related expenses connected with the purchase. For [REDACTED] and [REDACTED], you project that your support will come from donations and rental receipts. Expenditures will be primarily for retirement of the debt on the property and miscellaneous administrative and operating expenses.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname		[REDACTED]					
Date		6-11-82					

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable,...or educational purposes,...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

In Heller Business Bureau vs U.S., (326 U.S. 279 (1945)), the Supreme Court of the United States said, "This plainly means that the presence of a single non-educational purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly educational purposes." According to Revenue Ruling 74-553, 1974-2 Cumulative Bulletin 168, this rationale applies equally to any category of charitable purposes under section 501(c)(3) of the Code.

While some of your activities, such as providing a community recreational facility, may further a charitable purpose and benefit the general public, you are also serving a substantial non-charitable, private purpose by providing the [redacted] and its members with a facility in which to conduct their activities. [redacted] is not a charitable organization within the meaning of section 501(c)(3).

Accordingly, we have determined that you are not operated exclusively for charitable purposes and tax exemption is denied. You should file Federal

If you have any questions or do not wish to file a written protest, you may obtain Form 6018 in the enclosed self-addressed envelope as

If, in light of these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument supporting your position. If you desire an oral discussion of the issues, you may include this in your protest. The enclosed Publication 892 contains information regarding filing a protest.

[REDACTED]

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Publication 802
Form 6018
Envelope